



House of Representatives

General Assembly

File No. 507

January Session, 2017

Substitute House Bill No. 7186

House of Representatives, April 11, 2017

The Committee on Government Administration and Elections reported through REP. FOX of the 148th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REVISING CERTAIN STATUTES CONCERNING THE STATE COMPTROLLER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 5-262 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section:

4 (1) ["Federation" means a legally constituted grouping of not less
5 than five affiliated nonprofit charitable member organizations that are]
6 "Charitable organization" means (A) a nonprofit organization exempt
7 from taxation under Section 501(c)(3) of the Internal Revenue Code of
8 1986, or any subsequent corresponding internal revenue code of the
9 United States, as from time to time amended, [conducting a single,
10 annual, consolidated effort to secure funds for distribution to its
11 member agencies] that is engaged in charitable and public health,
12 welfare, environmental, conservation or service purposes, or (B) a

13 legally constituted grouping of such organizations.

14 (2) ["Principal combined fund-raising organization" means a
15 federation,] "Third-party administrator" means any charitable
16 organization or consultant [, as described in subdivision (2) of
17 subsection (c) of this section, that is] that may be selected by the State
18 Employee Campaign Committee to administer the State Employee
19 Campaign, [under the direction and control of said committee.]

20 (3) "State Employee Campaign" means an annual campaign to raise
21 funds from state employees for charitable and public health, welfare,
22 environmental, conservation or service purposes.

23 (b) (1) There is established a State Employee Campaign Committee
24 consisting of: The Comptroller, or the Comptroller's designee; the
25 Commissioner of Administrative Services, or the commissioner's
26 designee; the executive director of the Joint Committee on Legislative
27 Management, or the executive director's designee; ten state employees
28 appointed in accordance with subdivision (2) of this subsection; and
29 two retired state employees, one appointed by the Governor and one
30 appointed by the Comptroller. [; one nonvoting representative from
31 each participating federation; and one nonvoting representative from
32 the principal combined fund-raising organization selected pursuant to
33 subdivision (3) of subsection (c) of this section.] Not more than one
34 state employee from any state agency shall be appointed to the
35 committee. All [voting] members of the State Employee Campaign
36 Committee and their successors shall serve in accordance with the
37 provisions of section 4-1a. The committee shall select one of its [voting]
38 members to serve as chairperson.

39 (2) The ten state employee members of the State Employee
40 Campaign Committee shall be appointed as follows: Four by the
41 Governor, two of whom shall be representatives of organized labor;
42 one by the speaker of the House of Representatives; one by the
43 majority leader of the House of Representatives; one by the minority
44 leader of the House of Representatives; one by the president pro
45 tempore of the Senate; one by the majority leader of the Senate; and

46 one by the minority leader of the Senate.

47 (c) (1) The State Employee Campaign Committee shall be
48 responsible for (A) the overall coordination of the State Employee
49 Campaign, [selection of participating federations and] (B) approval of
50 campaign materials to be used for the State Employee Campaign, and
51 [(B) the selection and supervision of a principal combined fund-raising
52 organization to administer the State Employee Campaign] (C)
53 ensuring compliance by charitable organizations with the regulations
54 adopted by the office of the Comptroller in accordance with chapter
55 54, pursuant to subsection (g) of this section.

56 [(2) Each federation, charitable organization or consultant
57 submitting an application to become the principal combined fund-
58 raising organization for the State Employee Campaign shall
59 demonstrate that such federation, charitable organization or consultant
60 (A) has prior workplace campaign experience, including, but not
61 limited to, (i) the development of financial procedures for processing
62 and tracking contributions and expenditures, and (ii) conducting
63 campaign operations such as a kick-off and other events for the State
64 Employee Campaign, (B) has staff necessary to administer the State
65 Employee Campaign, and (C) will administer the State Employee
66 Campaign equitably and fairly.

67 (3) If two or more federations, charitable organizations or
68 consultants submit an application to become the principal combined
69 fund-raising organization for the State Employee Campaign, the State
70 Employee Campaign Committee shall, through a competitive process,
71 select the lowest responsible qualified bidder, as defined in subsection
72 (a) of section 4a-59. If only one federation, charitable organization or
73 consultant submits such an application and meets the qualifications
74 prescribed in subdivision (2) of this subsection, the State Employee
75 Campaign Committee shall select such federation, charitable
76 organization or consultant to become the principal combined fund-
77 raising organization.]

78 [(4)] (2) The Comptroller, on behalf of the State Employee Campaign

79 Committee, [shall] may contract with [the selected principal combined
80 fund-raising organization] a third-party administrator to administer
81 the State Employee Campaign.

82 [(d) (1) Any federation that did not participate in the most recently
83 completed State Employee Campaign and wishes to participate in the
84 next State Employee Campaign shall apply to the State Employee
85 Campaign Committee not later than January fifteenth after the most
86 recently completed State Employee Campaign for approval to
87 participate in the next State Employee Campaign. Such application
88 shall contain information required by regulations adopted by the office
89 of the Comptroller in accordance with chapter 54, pursuant to
90 subsection (h) of this section. The committee shall review such
91 application and notify the federation of the committee's decision not
92 later than May fifteenth. If a federation's application is denied, such
93 federation may appeal the decision of the committee in accordance
94 with the procedures set forth in such regulations adopted by the office
95 of the Comptroller.

96 (2) On or before January fifteenth, each federation which
97 participated in the most recently completed State Employee Campaign
98 and wishes to participate in the next State Employee Campaign shall
99 submit to the State Employee Campaign Committee a letter of intent to
100 participate in the next State Employee Campaign. On or before April
101 fifteenth, each such federation shall apply to the State Employee
102 Campaign Committee for approval to participate in the next State
103 Employee Campaign. Such application shall contain information
104 required by regulations adopted by the office of the Comptroller in
105 accordance with chapter 54, pursuant to subsection (h) of this section.
106 The committee shall review such application and notify the federation
107 of the committee's decision not later than May fifteenth. If a
108 federation's application is denied, such federation may appeal the
109 decision of the committee in accordance with the procedures set forth
110 in such regulations adopted by the office of the Comptroller.]

111 [(e)] (d) The Comptroller, upon written request of any state officer

112 or employee, shall deduct, each pay period, from the salary or wages
113 of such officer or employee the amount of money designated by such
114 officer or employee for payment to the [participating federation or
115 federations] charitable organization indicated by the officer or
116 employee. Upon collecting such deductions, the Comptroller shall
117 transmit them to [the principal combined fund-raising organization]
118 such charitable organization, or the third-party administrator selected
119 pursuant to subdivision [(3)] (2) of subsection (c) of this section, if
120 applicable, together with a list of officers and employees contributing
121 to each [federation or such federation's member agencies] charitable
122 organization, provided the identity of any officer or employee who has
123 communicated in writing that such employee or officer desires to
124 remain anonymous shall not be so transmitted. [Such principal
125 combined fund-raising organization] Any such third-party
126 administrator shall, each month after receiving funds from the
127 Comptroller, distribute the funds [among the other federations for
128 further distribution to the member agencies of the federations] to the
129 charitable organizations.

130 [(f) Prior to the annual commencement of the State Employee
131 Campaign, the principal combined fund-raising organization shall
132 submit for the approval of the State Employee Campaign Committee
133 an itemized budget of anticipated administrative expenses, which
134 budget shall not include campaign expenses. Following the annual
135 conclusion of the State Employee Campaign, the principal combined
136 fund-raising organization shall recover an amount not to exceed one
137 hundred ten per cent of its preapproved actual administrative
138 expenses from the gross payroll deduction receipts of the campaign in
139 accordance with procedures set forth in regulations adopted by the
140 office of the Comptroller, pursuant to subsection (h) of this section.
141 Undesignated funds raised through the campaign shall be distributed
142 among the participating federations in proportion to the amount of
143 funds designated for each federation.]

144 (e) The State Employee Campaign Committee shall (1) adopt a
145 policy to withhold from its disbursements to participating charitable

146 organizations not more than fifteen per cent of gross receipts from all
147 payroll deductions for all administrative expenses of the committee,
148 the office of the State Comptroller or any third-party administrator
149 selected by the committee, and (2) justify amounts withheld from such
150 disbursements based on such policy.

151 [(g)] (f) Not later than March first annually, the [principal combined
152 fund-raising organization] State Employee Campaign Committee shall
153 submit to the Auditors of Public Accounts for audit a financial report
154 of [such principal combined fund-raising organization's activities
155 relating to] the State Employee Campaign payroll deductions made
156 during the previous calendar year. [The principal combined fund-
157 raising organization shall submit a copy of such financial report to the
158 office of the Comptroller.]

159 [(h)] (g) The Comptroller shall (1) adopt regulations in accordance
160 with the provisions of chapter 54 to establish the process for
161 participation in the State Employee Campaign by charitable
162 organizations and carry out the purposes of this section, (2) exercise
163 general supervision over all operations of the State Employee
164 Campaign and take any steps necessary to ensure achievement of
165 campaign objectives, and (3) have the authority, for purposes of
166 compliance with this section and any regulations adopted pursuant to
167 this section, to audit, investigate and report on the administration of
168 the State Employee Campaign [, the principal combined fund-raising
169 organization that administers the campaign and any federation or
170 federation member organization that participates in] and any third-
171 party administrator selected to administer the campaign.

172 [(i)] (h) Not later than July 1, 2016, and not later than April first
173 annually thereafter, the State Employee Campaign Committee shall
174 conduct a comprehensive review of the State Employee Campaign and
175 submit to the Governor, the Comptroller and the General Assembly, in
176 accordance with section 11-4a, a report on the results of the most
177 recently completed State Employee Campaign and recommendations
178 for improvements in the next State Employee Campaign.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	5-262
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Statement of Legislative Commissioners:

In Section 1, the subsection designator "(e)" was changed to "[~~(e)~~] (d)" and subsequent subsections were redesignated accordingly for proper form; in Section 1(c)(1)~~(C)~~, "subsection (f)" was changed to "subsection (g)" for accuracy; and in Section 1~~(d)~~, "Such [principal combined fund-raising organization] third-party administrator" was changed to "[Such principal combined fund-raising organization] Any such third-party administrator" for accuracy.

GAE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill does not result in a cost to the state or municipalities. The bill makes various changes to the administrative structure and operating procedures of the Connecticut State Employees' Campaign for Charitable Giving (CSEC), including allowing the State Comptroller to contract with a third party administrator to administer the program. Any costs associated with administration of the CSEC are payable out of contributions from employees.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sHB-7186*****AN ACT REVISING CERTAIN STATUTES CONCERNING THE STATE COMPTROLLER.*****SUMMARY**

This bill makes several changes to the statutes governing the Connecticut State Employees Campaign for Charitable Giving (CSEC), which is overseen by the State Employee Campaign Committee and the state comptroller. Generally, it revamps the campaign's administrative structure by, among other things, doing the following:

1. changing the campaign's administering entity from a "principal combined fundraising organization" (PCFO) to a "third party administrator";
2. making the committee's use of an administering entity optional, rather than mandatory;
3. eliminating statutory requirements concerning the process for selecting an administering entity and other participating organizations;
4. requiring the committee to adopt a policy of limiting administrative expenses to 15% of gross receipts from all payroll deductions; and
5. transferring, from the PCFO to the committee, the requirement to annually submit to the Auditors of Public Accounts a financial report of CSEC payroll deductions made during the previous calendar year.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

ADMINISTERING ENTITY AND PARTICIPATING ORGANIZATIONS

The bill makes the committee's use of an administering entity optional, rather than mandatory. It also revises certain definitions associated with the administering entity, as shown in Table 1.

Table 1: Terminology Associated With Administering Entity

<i>Current Law</i>	<i>The Bill</i>
Committee must select a "PCFO"	Committee may select a "third party administrator"
A PCFO is a federation, charitable organization, or consultant	A third party administrator is a charitable organization or consultant
A "federation" is a legally constituted grouping of at least five affiliated 501(c)(3) organizations conducting a single, annual, consolidated effort to secure funds for distribution to its member agencies	A "charitable organization" is a 501(c)(3) organization or a legally constituted grouping of such organizations

The bill makes a conforming change to the State Employee Campaign Committee's composition by eliminating representatives of the PCFO and each participating federation, all of whom are currently nonvoting members.

Selection of Administrator

Under current law, the committee must select the PCFO through a competitive process and supervise its activities. Among other things, current law requires that the PCFO have experience (1) developing procedures for processing and tracking contributions and expenditures and (2) conducting CSEC operations and events.

The bill eliminates these requirements but does not establish any procedures or criteria for selecting a third party administrator. Rather, it allows the comptroller to contract with an administrator on the committee's behalf. It appears that such a contract would be subject to existing state laws governing "personal service agreements" (PSAs). Among other things, these laws generally require that PSAs costing

more than \$20,000 or lasting for more than one year be based on competitive negotiation or competitive quotations (CGS §§ 4-212 to 4-219).

Selection of Participating Organizations

The bill allows charitable organizations to participate in the CSEC without affiliating with other nonprofit organizations. Under current law, charitable organizations seeking to participate in the CSEC, unless acting as the PCFO, must do so through a federation (i.e., a group of at least five affiliated 501(c)(3) organizations).

The bill eliminates provisions in current law that establish certain procedures and deadlines for selecting participating federations. Among other things, current law (1) establishes January 15 as the deadline for federations to apply to participate in the campaign, or indicate their intent to continue participating if they are already part of it, and (2) requires the committee to notify a federation of its decision by May 15. It also allows a federation to appeal if its application is denied.

The bill does not establish comparable procedures for selecting participating charitable organizations, nor does it specify who makes the selections. Rather, it requires (1) that regulations adopted by the comptroller establish the process for campaign participation by charitable organizations and (2) the committee to ensure that charitable organizations comply with these regulations.

Oversight by Comptroller

Current law allows the comptroller, for purposes of compliance with the CSEC laws and regulations, to audit, investigate, and report on CSEC administration, the PCFO, and any federation or federation member organization participating in the campaign. The bill instead allows the comptroller to take these actions with respect to CSEC administration and the third party administrator, but does not extend this authority to other participating charitable organizations.

ADMINISTRATIVE EXPENSES

The bill requires the committee to adopt a policy to withhold from its disbursements to charitable organizations up to 15% of gross receipts from all payroll deductions. The withholding is for the committee's, comptroller's, or third party administrator's administrative expenses. The committee must justify amounts withheld from the disbursements based on the policy.

The bill replaces provisions in current law that require the PCFO to (1) submit an itemized budget of anticipated administrative expenses to the committee for its approval and (2) recover up to 110% of its preapproved actual administrative expenses. It also eliminates a provision in current law requiring that undesignated funds raised during the campaign be distributed proportionally among participating federations.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 17 Nay 0 (03/24/2017)